Conférence INPUT
19 mai 1992

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Bilan & Perspectives Pour Les Marches Des Services

L'incontournable pousée du "Downsizing"

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Information Services Industry European Market Trends in Software and Services

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Key Industry Trends

- Projects downsized
- Outsourcing satisfies
- Price pressure on services
- Pan-European support
- Desktop entrants

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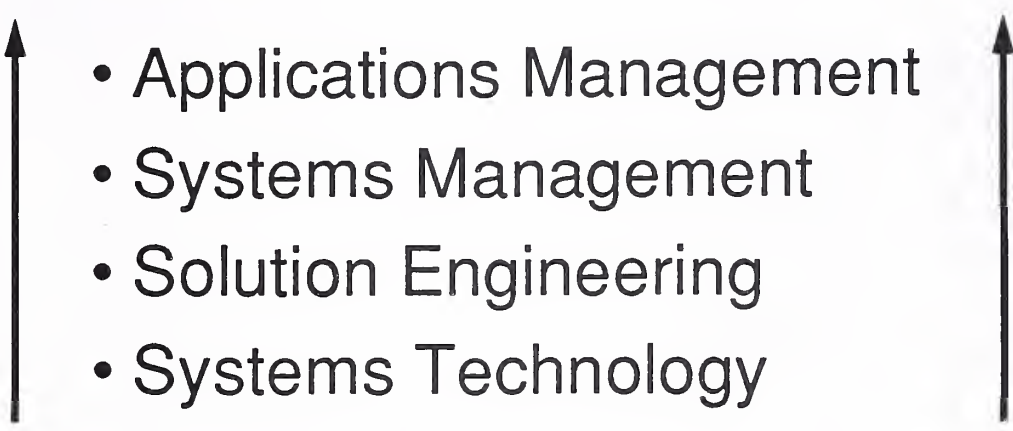
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Software and Services Markets

CAGR
(Percent)

Category	1991	1996	CAGR (Percent)
Software Products	28	52	13
Software Services	41	79	14
Equipment Services	24	33	7

■ 1991
☑ 1996

User Expenditure ($B)
(Excluding Equipment)

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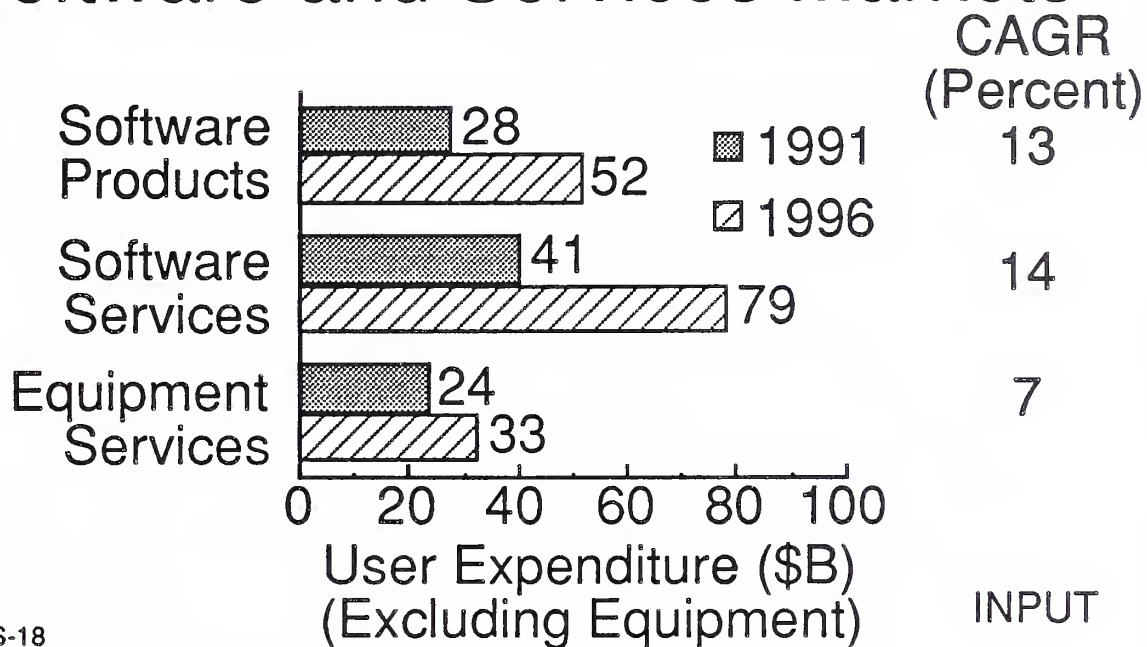
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Vendor-Added Value

- Applications Management
- Systems Management
- Solution Engineering
- Systems Technology

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Product and Service Trends

Transition   Applications   Applications
Management Maintenance Management

Sys. Integ.   Sys. Oper.

Applications Software	Turnkey Systems	Processing Services
Systems Software	Professional Services	Network Services
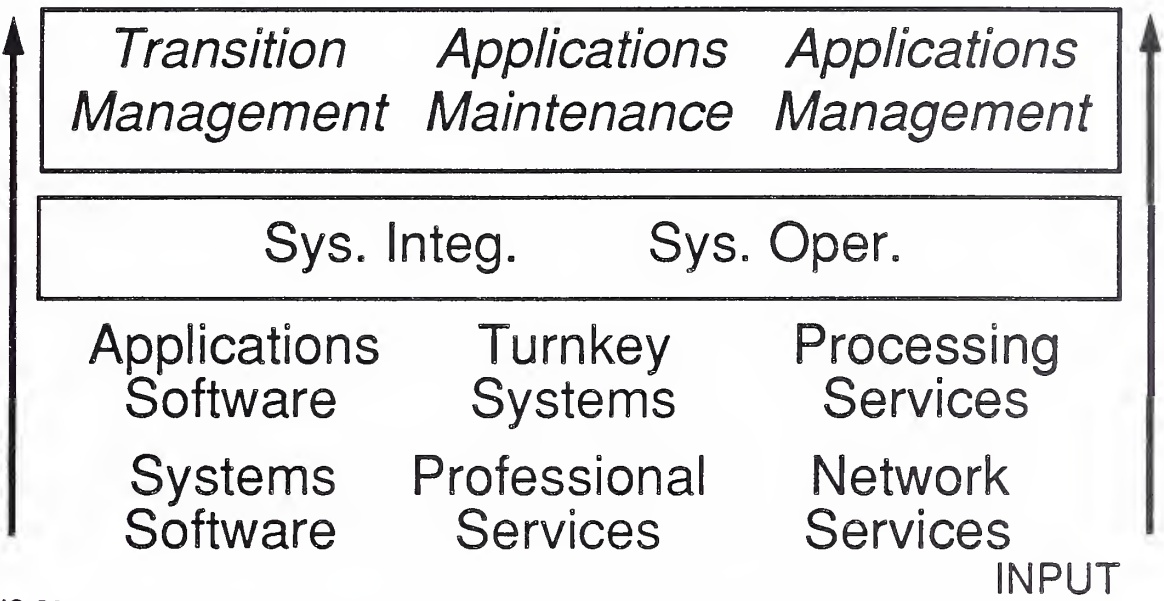
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Notes

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Information Services Industry Structure

```
                    ┌─────────────────┐
                    │  Total Industry │
                    └─────────────────┘

  Systems      Appl.                    Prof.       Proc.
  SW Prod.    SW Prod.                 Services    Services

  Turnkey     Systems                  Systems     Network
  Systems     Integration              Operations  Services

              Equipment Services
```

IS-2
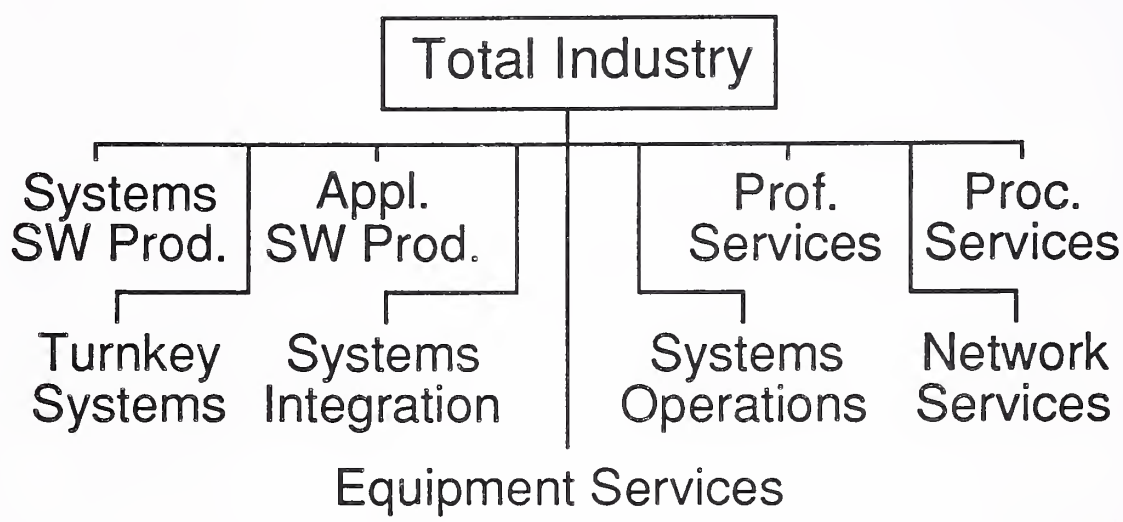
Notes

Software and Services, Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank	
		1991	1990
IBM	5.3	1	1
Digital	1.7	2	5
SNI	1.7	3	2
CAP Gemini Sogeti	1.7	4	3

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Notes

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Software and Services, Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank	
		1991	1990
Reuters	1.5	5	4
Microsoft	1.0	6	9
Andersen Consulting	0.9	7	8
Groupe Bull	0.8	8	6

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Notes

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Software and Services, Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank	
		1991	1990
Unisys	0.7	9	7
EDS	0.7	10	30
Sema Group	0.7	11	10
Finsiel	0.7	12	11

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Software and Services, Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank	
		1991	1990
Computer Assoc.	0.7	13	12
Sligos	0.6	14	15
Oracle	0.5	15	20

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Notes

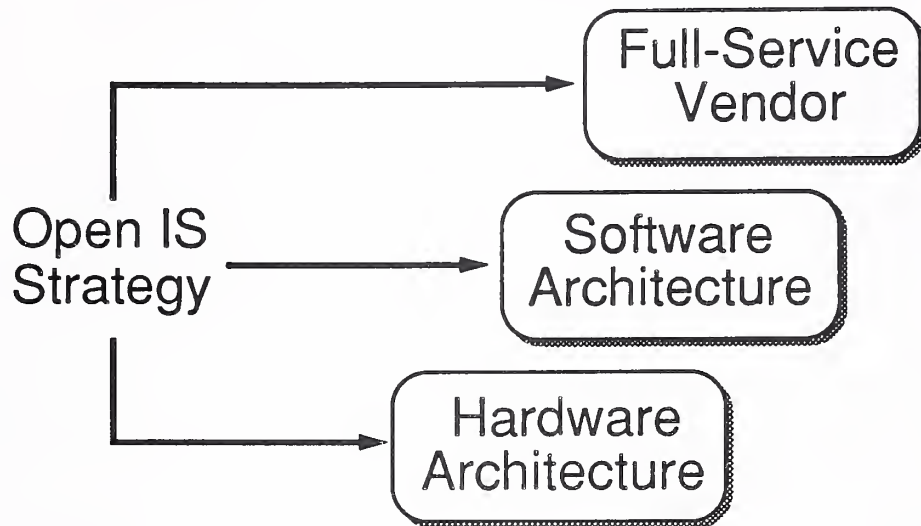**INPUT**

Europe

Delivery Mode Issues

- Turnkey systems—Impacted by downsizing and open systems margins

- Applications software products— Smaller systems dominate

- Systems software products— Prices under pressure

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Notes

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Vendor Selection Trends

```
                              ┌─────────────┐
                   ┌─────────→│ Full-Service│
                   │          │   Vendor    │
                   │          └─────────────┘
  Open IS          │          ┌─────────────┐
  Strategy ────────┼─────────→│  Software   │
                   │          │Architecture │
                   │          └─────────────┘
                   │          ┌─────────────┐
                   └─────────→│  Hardware   │
                              │Architecture │
                              └─────────────┘
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Notes
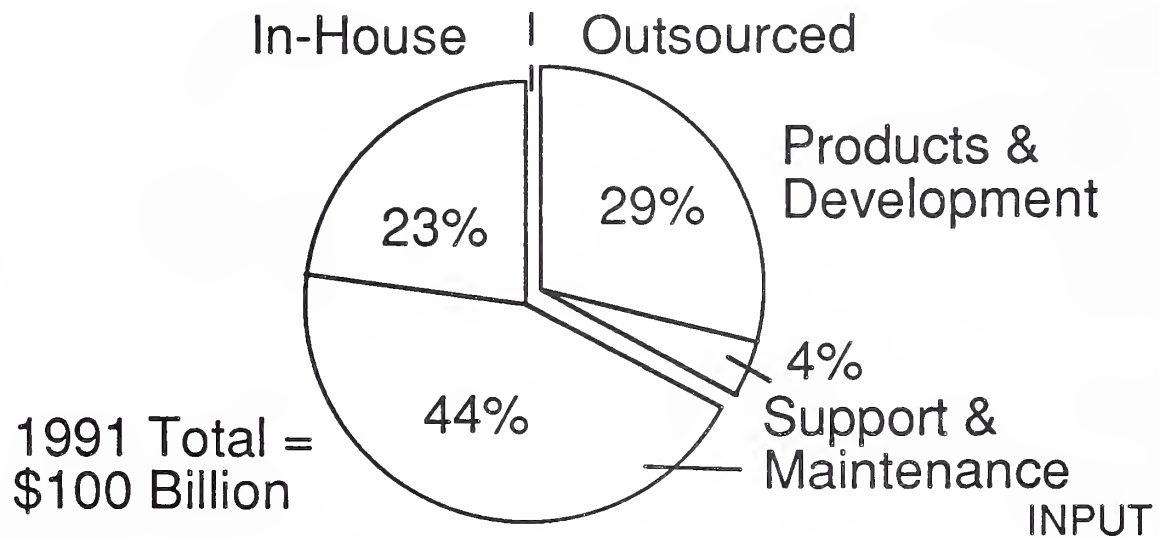
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Europe

Delivery Mode Issues

- Network services—High-growth opportunities

- Systems operations—Renewed satisfaction, desktop entrants

- Systems integration—Project downsizing for fast payback

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Notes

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European User Software Budgets

In-House | Outsourced

Products & Development

23%

29%

4%
Support & Maintenance

1991 Total = $100 Billion

44%

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Notes

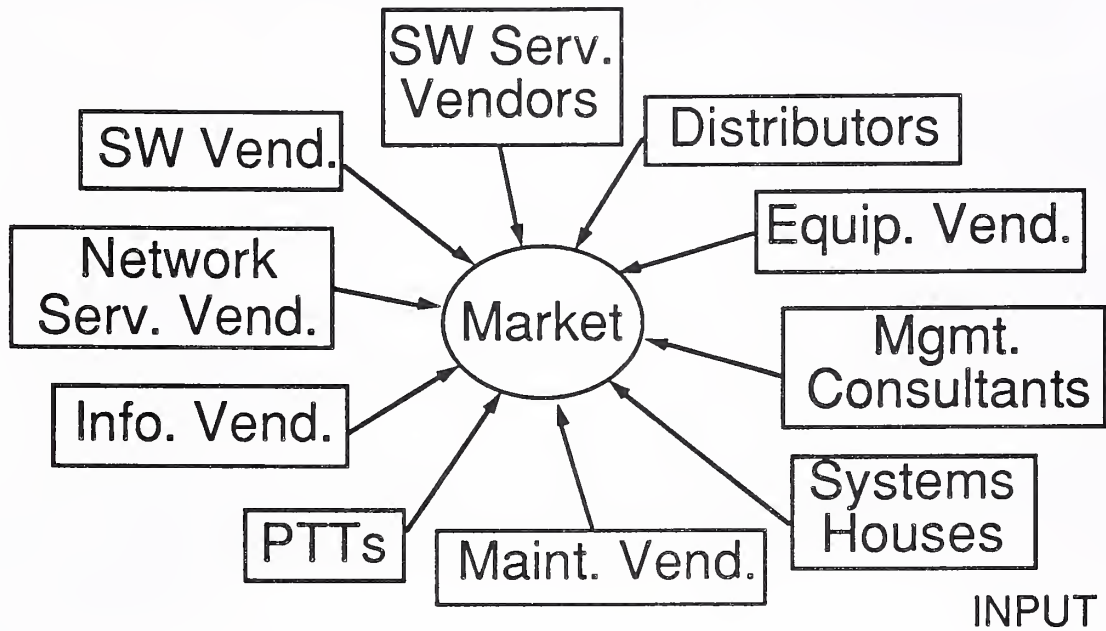**INPUT**

Europe

Delivery Mode Issues

- Professional services—
  Competition up, growth down

- Processing services—Specialized
  applications drive development

- Equipment services—Multivendor
  and environmental services grow

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Notes

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Increasing Competition

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Software and Services Forecast, 1992-1997 Europe

13% CAGR
. . . and falling

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Notes

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The Impact of Downsizing on Software and Services

- Software re-engineering
- Customer services perspective

E-AD-1a

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Notes

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Software
Re-engineering

INPUT

E-AD-2

Notes

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European User Software Budgets

In-House | Outsourced

23% | 29% | Products & Development

44% | 4%

Support & Maintenance

1990 Total = $90 Billion

E-AD-3

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Notes

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CASE Project Usage Plans Europe

- Some New Proj.: 11 (1 Year), 14 (3 Years)
- Most New Proj.: 46 (1 Year), 49 (3 Years)
- Some Maint.: 16 (1 Year), 16 (3 Years)
- Most Maint.: 27 (1 Year), 35 (3 Years)

Legend: ■ 1 Year, ☑ 3 Years

X-axis: Number of Resp. (%) — 0, 10, 20, 30, 40, 50

E-AD-4

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The Software Life-cycle

Re-engineering

Forward Engineering

| Concept |
| Analysis |
| Design |
| Generation |
| Installation |
| Maintenance |

Reverse Engineering

New Applications

Old Applications
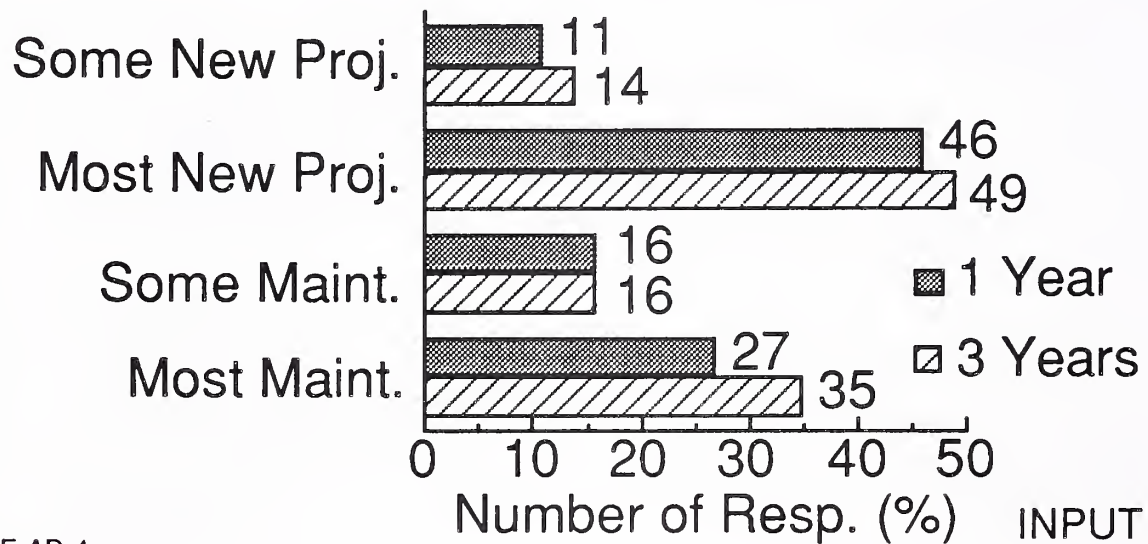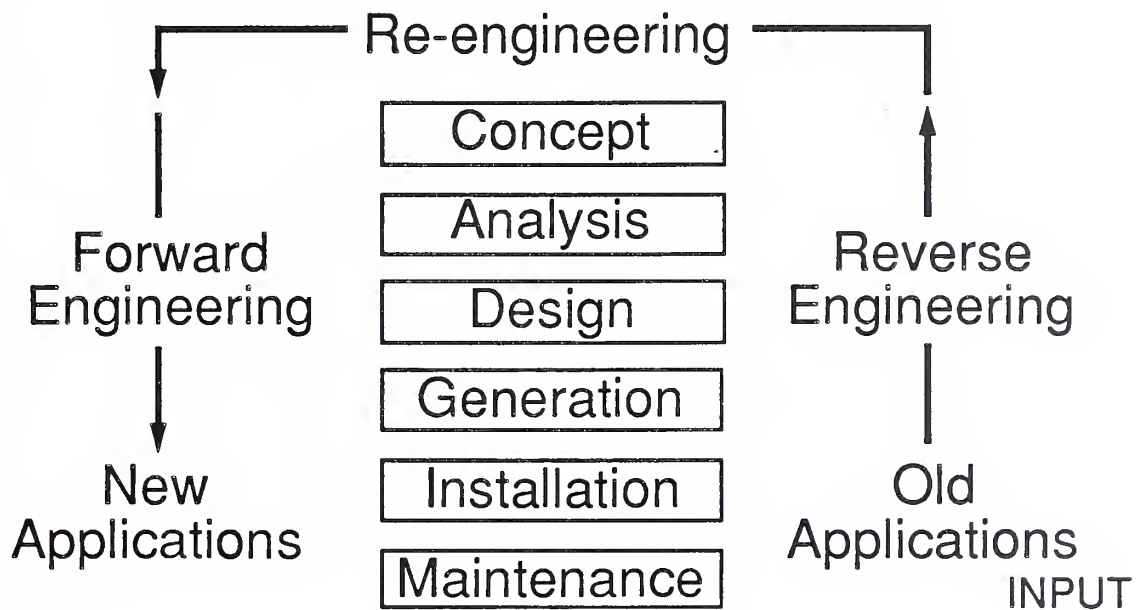
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E-AD-5

Notes

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Software Re-engineering

- Drivers

    - Established business practices

    - Reverse engineering tools

    - Portable software platforms

E-AD-6a

Notes

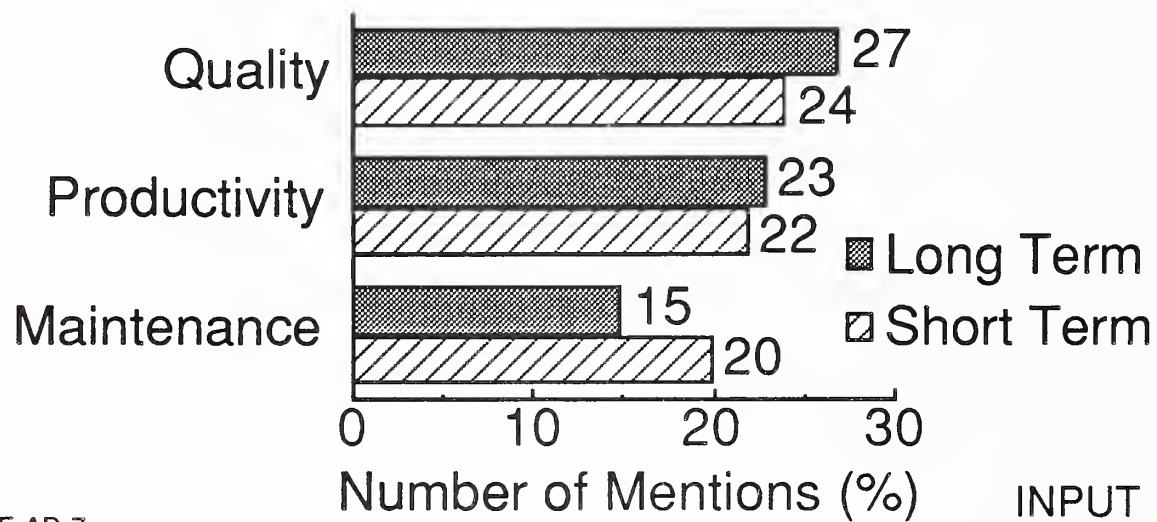4/20/92

Software Re-engineering

- Inhibitors

  - Change and business re-engineering

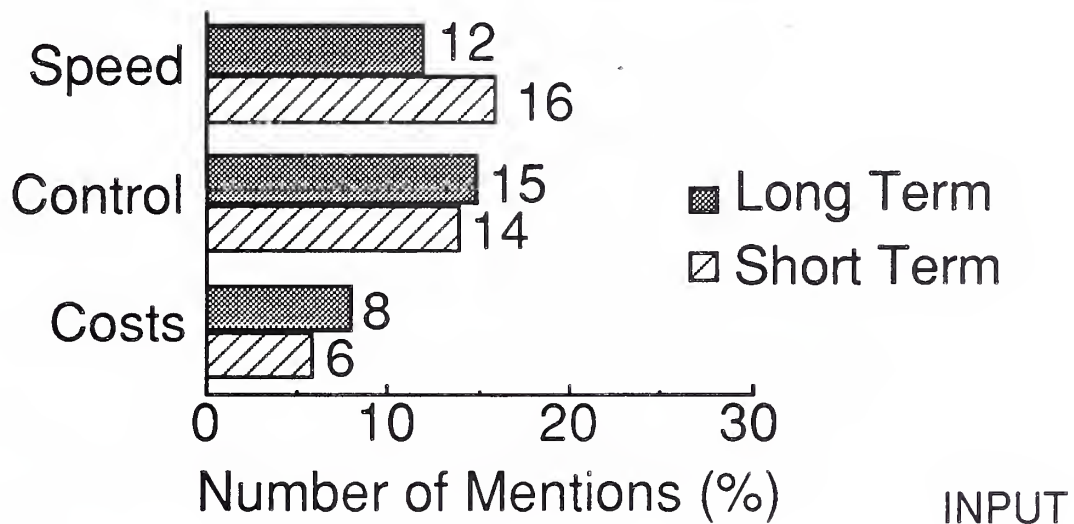 - Object-oriented design

  - Downsizing

E-AD-6b

Notes

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Payback Expectations of CASE Users

Quality — 27 (Long Term), 24 (Short Term)
Productivity — 23 (Long Term), 22 (Short Term)
Maintenance — 15 (Long Term), 20 (Short Term)

Legend:
- ▨ Long Term
- ▨ Short Term

X-axis: Number of Mentions (%) — 0, 10, 20, 30

E-AD-7

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Notes

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Payback Expectations of CASE Users

Speed — Long Term: 12, Short Term: 16
Control — Long Term: 15, Short Term: 14
Costs — Long Term: 8, Short Term: 6

Legend: ■ Long Term, ▨ Short Term

X-axis: Number of Mentions (%) — 0, 10, 20, 30

E-AD-8

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Notes

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CASE Software Products
Forecast, Europe

CASE Software Products Forecast, Europe

	CAGR (Percent)
France	37
Germany	27
U.K.	23
Rest of Europe	26

User Expenditures ($ Millions): 0, 100, 200, 300, 400
Year: '91 '92 '93 '94 '95 '96 '97

E-AD-9

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CASE-Related Initiatives

- Methodologies
- Software standards
- Software quality
- Organisational changes
- Training
- Team management

E-AD-10

Notes

Application Questions

- Drop
- Hold
- Re-engineer
- New development
- New package

E-AD-11

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Impact of Downsizing

- Systems
- Projects
- Timescales
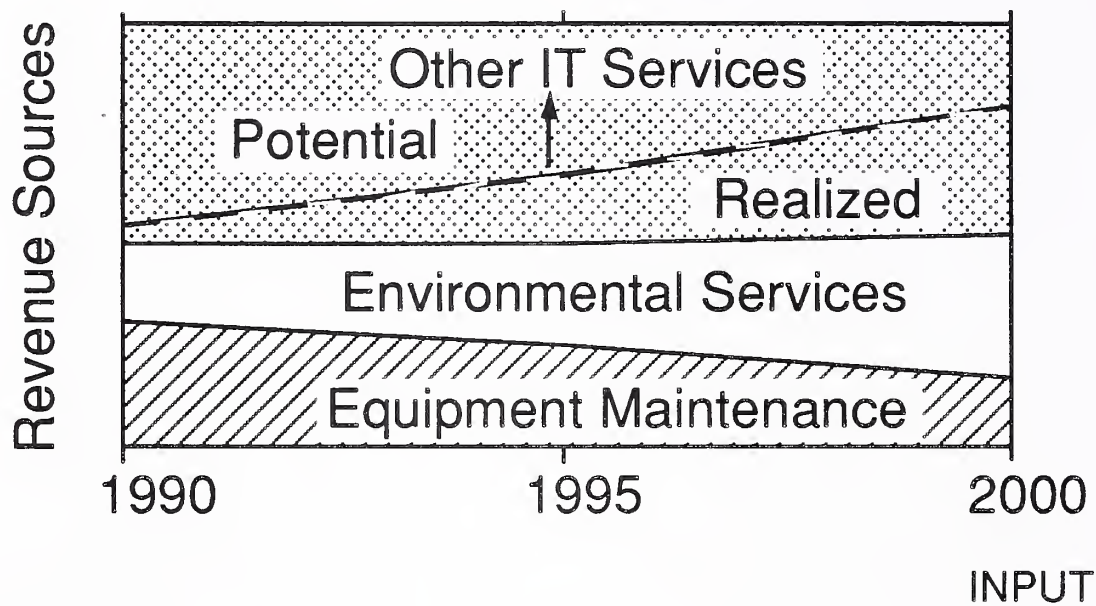- Budgets
- Management

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E-AD-12

Notes

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Customer Services Perspective

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Notes

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IT Customer Services

Revenue Sources (y-axis)

- Other IT Services
- Potential
- Realized
- Environmental Services
- Equipment Maintenance

1990   1995   2000

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Notes

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Impact of Downsizing

- Maintenance squeezed
- Focus on SME/PME
- Desktop services

E-CS-98

Notes

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Repositioning

- SI
- Business continuity
- Networks
- Human resources
- Cross-industry assimilation

E-CS-99

Notes

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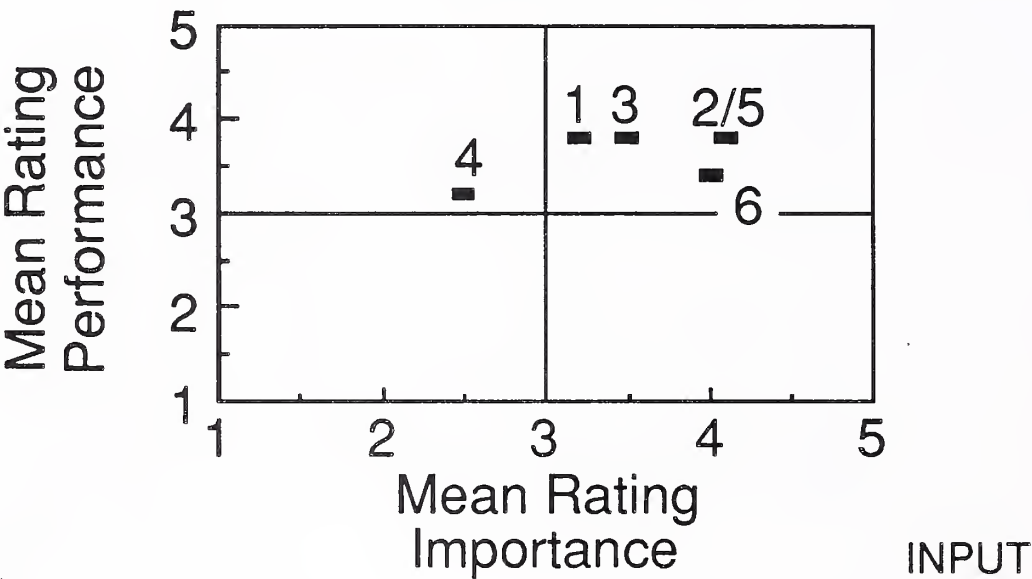# New Offerings

Percent of Business	Percent of Vendor Sample
≤10	50
11 - 20	25
21 - 25	8
26 - 40	17

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Notes

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Performance vs. Importance

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Notes

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Legend

1 = Planning & Design

2 = Network Services

3 = Software Services

4 = Human Resources

5 = Disaster Recovery

6 = Security Services

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Notes

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Desktop Services

- One solution
- Open window
- Range of approaches

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Notes

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Traditional Desktop

- PC supply
- Network/server
- PC/printer maintenance
- Installation
- Training

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Notes

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New Services

- • ASP supply/support
- • Help desk selection/supply
- • Problems management
- • Planning/administration
- • Network upgrades
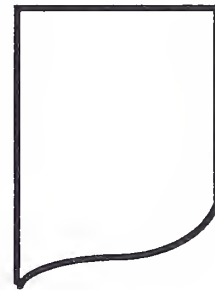- • Application development

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Notes

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Approaches

Standalone   Outsourcing

————————
————————
———————— → Solution ←
————————
————————

1.   3.   2.

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Notes

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Selection Criteria

- Network expertise
- Single supplier
- Up-to-date
- Independence
- Pan-European

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Notes

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Digital's Service Offering

- Part of Bespoke Services
- 4 service lines
- Mix and Match
- Sales - Force
            - DECdirect

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Notes

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Digital

Strengths	Weaknesses
• Name	- Hardware image
• Catalogue	- Confusing offerings
• Networking	- Impartial?
• I-stop	- Not highlighted
• Multivendor	

E-CS-109

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Notes

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Hewlett-Packard's Service Offering

- Standard contracts
- Multivendor—includes 3rd-party software
- Consultancy/customisation
- Specialist groups

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Notes

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Hewlett-Packard

Strengths	Weaknesses
• Premier on support	- Differentiated
• Tailored contracts	- Technical orientation
• Strong networking	- Weak SO
• Support for Oracle, Ingres, etc.	
• Own & multivendor	

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Notes

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PrimeService's
Service Offering

- Network planning/design
- Single-source 'Desktop'
- Standard supply/maintenance
- Multivendor 'One-Call'

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Notes

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PrimeService

Strengths	Weaknesses
• Software skills	- Specialist
• Integration skills	- Technical
• Networking	- Commercial
• Multivendor	- Marketing clout
	- Weak SO

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E-CS-113

Notes

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Computeraid
Service Offering

- Blank paper
- Selective large contracts
- Learn on the job

E-CS-114

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Notes

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Computeraid

Strengths	Weaknesses
• PC hardware maintenance	- ASP skills
• Help desk skills	- Maintenance culture
• Financial	- Selling to end users
• Clear strategy	

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Notes

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Data Logic
Service Offering

- Branded product/service
- Mix and match
- Installed base
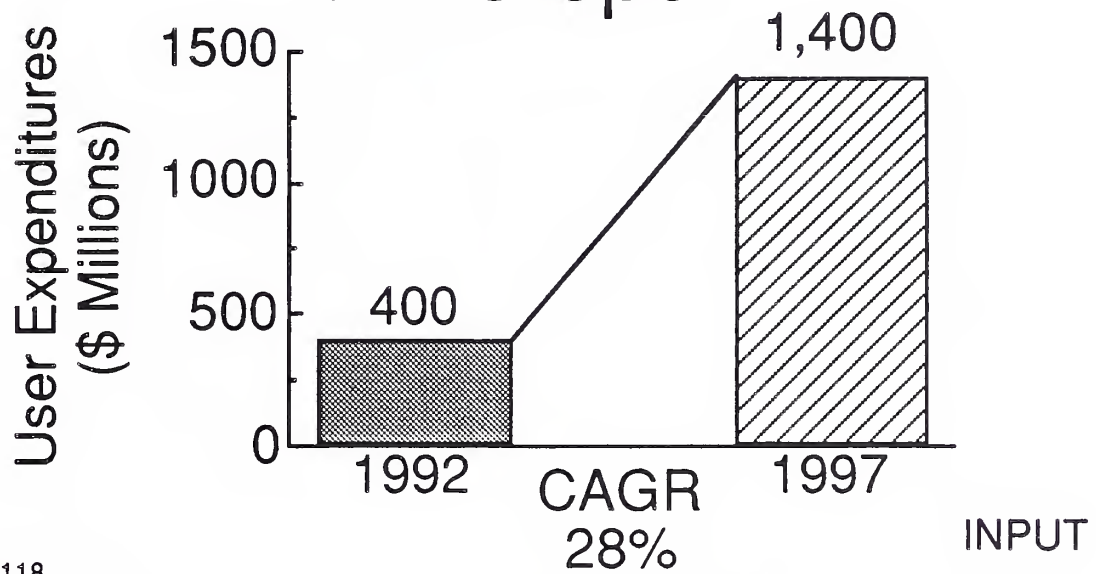- Pan-European intention

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Notes

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Data Logic

Strengths	Weaknesses
• International	- Uneven
• Skills mix	- ASP skills
• Focussed service line	- Pan-European(?)
• Independent	

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Desktop (+Maintenance) in Europe

User Expenditures ($ Millions)

1500

1000

500

0

400

1,400

1992

CAGR 28%

1997

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Notes

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Equipment Suppliers

Strengths	Weaknesses
• Expertise	- Product oriented
• Large IBs	- Resources
• Financial	- Channel contention
• CS organisation	- Slow to change
	- Not impartial

E-CS-119

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IMOs

Strengths	Weaknesses
• PC expertise	- Financial
• Incentive	- Software skills
• Independent	- Maintenance cultures

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Recommendations

- Strategic repositioning
- Acquire key skills
- Position migration

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Notes

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